

Before the  
Federal Communications Commission  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )

Annual Assessment of the Status of )  
Competition in the Market for the )  
Delivery of Video Programming )

MB Docket No 03-172

To: The Commission

**COMMENTS OF TIME WARNER CABLE**

Time Warner Cable, by its attorneys, respectfully submits these comments in response to the Commission's *Notice of Inquiry* in the above-captioned proceeding.<sup>1</sup>

In the nearly ten years since the Commission initiated its first proceeding to assess the status of competition in the market for the delivery of video programming,<sup>2</sup> competition in multichannel video services and related non-video services has increased dramatically. Direct Broadcast Satellite ("DBS") has emerged as an especially powerful

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<sup>1</sup> *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Notice of Inquiry, MB Docket No. 03-172, FCC 03-185 (rel. July 30, 2003) ("*Notice of Inquiry*").

<sup>2</sup> The first assessment was initiated by a notice of inquiry released May 19, 1994. See *Implementation of Section 19 of the Cable Television Consumer Protection Act of 1992 — Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Notice of Inquiry, 9 FCC Rcd 2896 (1994).

competitor to cable, attracting 20 million subscribers.<sup>3</sup> Largely in response to vigorous competition, cable operators have invested unprecedented amounts in system upgrades, allowing them to provide better packages of video programming at a competitive price. In addition, system upgrades have enabled innovative non-video services, including high-speed Internet and residential telephone service<sup>4</sup>

These general industry trends are described in detail in the comments filed in this proceeding by the National Telecommunications & Cable Association ("NCTA") Time Warner Cable concurs with NCTA's comments, and is filing these separate comments to describe how it competes by providing innovative services to subscribers.

With nearly 11 million cable television subscribers, Time Warner Cable is one of the Nation's largest multichannel video providers<sup>5</sup> Time Warner Cable is committed to competing vigorously by providing its subscribers with superior video and non-video services at competitive prices Its strategy for continued growth is to remain on the cutting-edge of technology and service innovation. Upgrades to cable plant have allowed, and will continue to allow, Time Warner Cable to deploy new and innovative services that benefit consumers with greater choice and better value

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<sup>3</sup> As of March 2003, DirecTV and EchoStar had approximately 11.4 million and 8.4 million subscribers, respectively See <[http://www.skyreport.com/dth\\_counts.cfm](http://www.skyreport.com/dth_counts.cfm)> (last visited Sept. 5, 2003). Other multichannel video service competitors include SMATV and MMDS See *Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Ninth Annual Report, 17 FCC Rcd 26901, ¶¶ 72-78 (2002) ("*Ninth Annual Report*")

<sup>4</sup> See *Ninth Annual Report* ¶¶ 44-52.

<sup>5</sup> See <[http://www.ncta.com/industry\\_overview/top50mso.cfm](http://www.ncta.com/industry_overview/top50mso.cfm)> (last visited Sept. 5, 2003) (ranking Time Warner Cable the second largest cable operator), *Top 25 Cable and Satellite Operators*, Multichannel News, Aug. 25, 2003 (ranking Time Warner Cable the third largest multichannel video provider).

# **I. Over the Past Decade, Time Warner Cable Has Invested Billions Of Dollars To Upgrade Its Cable Plant**

Over the past decade, Time Warner Cable has invested almost \$5 billion in a nationwide upgrade of its cable plant.<sup>6</sup> The upgrade replaced virtually all of Time Warner Cable's existing coaxial cable architecture with hybrid fiber-coax ("HFC") cable plant capable of supporting two-way, digital communications.<sup>7</sup> Time Warner Cable was one of the pioneers in exploring the use of broadband optical fiber technology in cable television systems. Indeed, in 1994, Time Warner Cable was awarded an Engineering Emmy for its work on the HFC network architecture,<sup>8</sup> which has since become the industry standard.

Time Warner Cable's HFC plant is vastly superior to the coax plant that it replaced. HFC plant provides improved system reliability by bringing fiber closer to the home, thereby reducing the number of amplifiers between the home and the headend. In addition, the HFC architecture enables better transmission quality, thereby allowing better image reception, and enables two-way digital communications.

In addition, the HFC architecture expands a cable system's available bandwidth. Because high-frequency radio signals degrade more quickly than low-

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<sup>6</sup> See <<http://www.timewarnercable.com/dispatcher/aboutUs;jsessionid=0000WS123MUNJ4LQCI1HY241ZKY.-1?docNickName=DedInnovation>> (last visited Sept. 5, 2003). The cable industry as a whole has invested \$75 billion in upgrades since 1996. See *Cable & Telecommunications Industry Overview 2003 — Mid-Year*, National Cable & Telecommunications Association (2003) ("*NCTA 2003 Mid-Year Report*"), at 1 (available at <<http://www.ncta.com/Docs/PageContent.cfm?pageID=46>>).

<sup>7</sup> See <<http://www.timewarnercable.com/dispatcher/aboutUs;jsessionid=0000WS123MUNJ4LQCI1HY241ZKY.-1?docNickName=DedInnovation>> (last visited Sept. 5, 2003).

frequency signals, coax-only systems, with their long amplifier cascades, generally do not allow acceptable transmission quality in the higher frequency ranges. An HFC system, on the other hand, supports substantially more bandwidth.<sup>9</sup> Today, virtually all of Time Warner Cable's systems have been upgraded to support 750 MHz or greater bandwidth.<sup>10</sup> Coupled with digital compression, improved bandwidth allows these cable systems to provide additional services

## **II. Time Warner Cable Competes Vigorously By Providing Innovative Video-Based Services**

### **A. Analog Video Services**

With HFC cable plant, Time Warner Cable is able to provide subscribers with vastly improved analog video services. Today, Time Warner Cable's analog cable subscribers can receive on average approximately 75 video channels,<sup>11</sup> substantially more than ten years ago.<sup>12</sup> These analog channels include local broadcast networks, public-education-government use channels, numerous cable networks like CNN and Discovery,

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<sup>8</sup> See <<http://www.timewarnercable.com/dispatcher/aboutUs.jsessionid=0000N2I1HM4S2UM3VIFNRWQVX0Q:-1?docNickName=DedInnovation>>.

<sup>9</sup> See Computer, Science, and Telecommunications Board, National Research Council, *Broadband Bringing Home The Bits*, 123-25 (Nat'l Academy Press 2002).

<sup>10</sup> See AOL Time Warner Inc., SEC Form 10-K for Year Ended Dec. 31, 2002, at 8.

<sup>11</sup> See <<http://www.timewarnercable.com/dispatcher/aboutUs.jsessionid=0000WS123MUNJ4LQCI1HY241ZKY:-1?category=10742&expand=Y&rootCategory=10075>> (last visited Sept. 5, 2003).

<sup>12</sup> In 1993, nearly 62% of all cable television subscribers received service from a cable system with a capacity of 53 or fewer channels. See *Implementation of Section 19 of the Cable Television Consumer Protection and Competition Act of 1992; Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, First Report, 9 FCC Rcd 7442 (1994), Appendix C, Table 3.

premium channels like HBO and Showtime, and pay-per-view channels. HFC cable plant allows these services to be provided with a reliability and quality that was not previously possible.

### **B. Digital Video Services**

Time Warner Cable's upgraded cable plant also supports digital video services ("Digital Cable") These are video services transmitted in digitally compressed format, thereby allowing as many as ten or more services to be transmitted in a single 6 MHz channel (which otherwise could accommodate only a single analog service) All of Time Warner Cable's cable systems now provide digital service.<sup>13</sup> As of June 2003, Time Warner Cable had over 41 million Digital Cable subscribers.<sup>14</sup>

Digital Cable is available to any subscriber who has a Digital Cable-enabled set-top box Time Warner Cable provides a Digital Cable-enabled set-top box for a low monthly fee Digital Cable services are then available to subscribers who pay an additional monthly fee

Digital Cable includes an expanded channel line-up with up to 200 video and audio channels<sup>15</sup> — even more in some cable systems.<sup>16</sup> To help subscribers select programming from this expanded channel line-up, Time Warner Cable provides Digital

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<sup>13</sup> See AOL Time Warner Inc., SEC Form 10-K for Year Ended Dec. 31, 2002, at 9.

<sup>14</sup> See *Top 25 Cable and Satellite Operators*, Multichannel News, Aug. 25, 2003.

<sup>15</sup> See <<http://www.timewarnercable.com/dispatcher/products.jsessionid=0000T1UUTWTDYNVCIXSORT323IQ.-1?docNickName=digiCableFeatures>> (last visited Sept. 6, 2003).

<sup>16</sup> See <<http://www.timewarnercable.com/dispatcher/aboutUs.jsessionid=0000T1UUTWTDYNVCIXSORT323IQ.-1?category=10742&expand=Y&rootCategory=10075>> (last visited Sept. 6, 2003) ("275 channels in some areas").

Cable subscribers with an interactive programming guide (“IPG”) that allows the subscriber to select programs for viewing with the press of a button on the subscriber’s remote control

Expanded digital channel line-ups are a critical component of Time Warner Cable’s competitive strategy. DirecTV and EchoStar each provide well over 150 digital video channels<sup>17</sup> Time Warner Cable is confident that, with Digital Cable, it is well-positioned to compete with DBS’s program offerings.

### **C. Video-on-Demand**

Time Warner Cable provides Digital Cable subscribers with video-on-demand (“VOD”) services that allow subscribers to view particular programming as though on a VCR viewable whenever the subscriber desires it, and with fast-forward, pause, and rewind features.<sup>18</sup> Subscribers can access these features without purchasing additional equipment VOD can be accessed simply by using the IPG available to all Digital Cable subscribers

Time Warner Cable currently provides three different kinds of VOD services, which it markets under the names iControl Movies, iControl Premiums, and

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<sup>17</sup> See <[http://www.dishnetwork.com/content/programming/packages/americas\\_everything\\_pack/index.shtml](http://www.dishnetwork.com/content/programming/packages/americas_everything_pack/index.shtml)> (last visited Sept. 6, 2003) (describing Echostar’s “America’s Everything Pak” service plan); <[http://www.directv.com/DTVAPP/learn/Packages\\_TotalChoice\\_Premire.jsp](http://www.directv.com/DTVAPP/learn/Packages_TotalChoice_Premire.jsp)> (last visited Sept. 6, 2003) (describing DirecTV’s “Total Choice Premier with Local Channels” service plan).

<sup>18</sup> See AOL Time Warner Inc., SEC Form 10-K for Year Ended Dec. 31, 2002, at 10

iControl Favorites.<sup>19</sup> iControl Movies allows subscribers to select hit movies from a collection that typically includes more than 120 films. The movie selection is constantly updated, with about one-third of the selection changed each month. Subscribers pay for individual movies as they watch them, just as is the case with pay-per-view.

iControl Premiums is a Subscription Video-on Demand (or “SVOD”) service for premium channels, including Cinemax, HBO, Showtime, and The Movie Channel, allowing subscribers to view individual shows that have aired on these channels. For example, an HBO subscriber would be able to watch any recently televised *Sex in the City* episode at any time of her choosing. Subscribers pay a single low monthly fee (typically \$6.95) for iControl Premiums in addition to the usual fees to receive individual premium channels.

iControl Favorites provides subscribers with unlimited on-demand access to select programming on a number of popular channels, including Biography, Boomerang/Cartoon Network, Comedy Central, Do-It-Yourself Network, Food Channel, Golf Channel, and Oxygen. Although Time Warner Cable’s cable systems have differing approaches, many make iControl Favorites available to all Digital Cable subscribers at no extra charge.<sup>20</sup>

Time Warner Cable’s iControl services are but another example of the competitive give-and-take currently prevailing in the multichannel industry. The services

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<sup>19</sup> Additional information about Time Warner Cable’s iControl services is available at <<http://www.timewarnercable.com/dispatcher/products;jsessionId=00001NAYOICW TM0SYQ3SGUWDYI:-1?category=10052&expand=Y&rootCategory=10050>> (last visited Sept. 5, 2003).

compete with DVR services provided by DBS operators.<sup>21</sup> The services also compete with local video rental stores by allowing subscribers to rent programming without leaving the comfort of their home

#### **D. Digital Video Recorder Service**

Time Warner Cable makes available to its Digital Cable subscribers with a Digital Video Recorder (“DVR”) service. For a low monthly fee in addition to the fee for Digital Cable, the subscriber receives a set-top box that, besides providing the functionality of a standard Digital Cable-enabled set-top box, functions as a DVR.<sup>22</sup> The set-top box is outfitted with a hard-drive that can store many hours of standard-definition video programming. Subscribers can use their IPG to select programs to record. Time Warner Cable’s DVR service allows subscribers to use features such as fast-forward, pause, and rewind, and allows subscribers to pause live television.<sup>23</sup>

Time Warner Cable is not alone in offering DVR service. TiVo and ReplayTV both offer stand-alone DVR services that are compatible with cable, broadcast,

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<sup>20</sup> See, e.g., [http://www.twchouston.com/cable/icontrol\\_favorites.html](http://www.twchouston.com/cable/icontrol_favorites.html) (last visited Sept. 10, 2003); [http://www.twcarolina.com/services/cable\\_services/favorites\\_ondemand.asp](http://www.twcarolina.com/services/cable_services/favorites_ondemand.asp) (last visited Sept. 10, 2003).

<sup>21</sup> See *Dishing Out DVR, EchoStar Promo Stunt Accelerates Service Push*, Multichannel News, Sept. 1, 2003 (“DVR technology . . . is viewed as a competitive counterstrike against cable operators’ video-on-demand platform, even as the MSOs accelerate their own DVR plans.”).

<sup>22</sup> See <<http://www.timewarnercable.com/dispatcher/products;jsessionid=0000MGPYOK3MUXZ4L3WWVPOWLOY.-1?category=11138&expand=Y&rootCategory=10050>> (last visited Sept. 6, 2003).

<sup>23</sup> See <<http://www.timewarnercable.com/dispatcher/products;jsessionid=0000MGPYOK3MUXZ4L3WWVPOWLOY.-1?docNickName=DVRFeatures>> (last visited Sept. 6, 2003)



and DBS.<sup>24</sup> TiVo jointly markets DVR service with DirecTV.<sup>25</sup> EchoStar has introduced its own DVR service.<sup>26</sup> Time Warner Cable's DVR service was launched largely as a competitive response to these services. Subscribers have found the service attractive because it does not require an upfront investment in equipment, because of the service's competitive price, and because the service does not require a telephone hook-up.

#### **E. High-Definition Television**

Time Warner Cable also provides high-definition television ("HDTV") services in most of its systems.<sup>27</sup> Available HDTV programming includes local HDTV broadcast signals (where available), Fox regional sports network events (when available), Discovery's HD Theatre, and premium channels like HBO, Showtime, and HDTV pay-per-view channels from iNDEMAND.<sup>28</sup> Time Warner Cable will expand its HDTV programming as additional HDTV programming becomes available

To receive HDTV programming, the subscriber must have an HDTV monitor, which the subscriber may purchase from an independent supplier of consumer

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<sup>24</sup> See <<http://www.tivo.com>> (last visited Sept. 6, 2003); <<http://www.replaytv.com>> (last visited Sept. 6, 2003).

<sup>25</sup> See, e.g., *DirecTV Selects TiVo For Next Generation Digital Satellite Receiver With DVR*, DirecTV News Release, Feb. 21, 2002.

<sup>26</sup> See *Dishing Out DVR, EchoStar Promo Stunt Accelerates Service Push*, Multichannel News, Sept. 1, 2003.

<sup>27</sup> See <<http://www.timewarnercable.com/dispatcher/products;jsessionid=0000MGPYOK3MUXZ4L3WWVPOWLOY.-1?docNickName=HDTVFeatures>> (last visited Sept. 6, 2003); AOL Time Warner Inc., SEC Form 10-K for Year Ended Dec. 31, 2002, at 10.

<sup>28</sup> See <<http://www.timewarnercable.com/dispatcher/products;jsessionid=0000G23DPZVQXD3250T3ZKSAD0Y-1?category=11352&expand=Y&rootCategory=10050>> (last visited Sept. 5, 2003).

electronics, and must have an HDTV-enabled set-top box. Upon request, Time Warner Cable provides its Digital Cable subscribers with an HDTV-enabled set-top box at no extra cost. For those subscribers who are not already Digital Cable subscribers, Time Warner Cable provides an HDTV-enabled set-top box for a low monthly fee.<sup>29</sup>

Time Warner Cable's HDTV service has proved quite popular, having already attracted over 120,000 subscribers.<sup>30</sup> Time Warner Cable anticipates strong subscriber growth as HDTV monitors become increasingly common in the home.

#### **F. Locally-Originated Video Programming**

Time Warner Cable operates, independently and through joint ventures, several 24-hour local news channels.<sup>31</sup> These video channels provide locally-originated news programming in New York, North Carolina, and Texas. In New York City, Time Warner Cable provides two 24-hour local news channels, one of which is a Spanish-language service.<sup>32</sup> Other systems provide local programming beyond news. Time Warner Cable plans to launch additional 24-hour local news channels in the near future, and one of Time Warner Cable's systems is developing an on-demand local channel.

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<sup>29</sup> See <<http://www.timewarnercable.com/dispatcher/products.jsessionid=0000MGPYOK3MUXZ4L3WWVPOWLOY-1?docNickName=HDTVFeatures>> (last visited Sept. 6, 2003).

<sup>30</sup> See *Top 25 Cable and Satellite Operators*, Multichannel News, Aug. 25, 2003.

<sup>31</sup> These channels include NY1 News (New York, N.Y.), NY1 Noticias (New York, NY), R News (Rochester, N.Y.), Capital News 9 (Albany, N.Y.), News 14 Carolina (Charlotte, N.C.), News 14 Carolina (Raleigh, N.C.), News 8 Austin (Austin, Tex.), News 24 Houston (Houston, Tex.), and News 9 San Antonio (San Antonio, Tex.).

<sup>32</sup> See *Award-Winning NY1 News Launches 24-Hour Spanish-Language Local News Channel*, NY1 Noticias News Release, June 25, 2003.

Local video-programming services, and especially 24-hour local news programming, help Time Warner Cable differentiate its video platform from those offered by its competitors. At the same time, such programming provides an important service to the community.

### **III. Time Warner Cable Competes Vigorously By Providing Innovative Data and Voice Services**

#### **A. High-Speed Internet And Home Networking Services**

1. **High-Speed Internet Service.** By far the most popular non-video service that Time Warner Cable provides is high-speed Internet service. Time Warner Cable currently has over 2.9 million residential high-speed Internet service subscribers.<sup>33</sup> Given the phenomenal growth over the past three years in the subscription rate for cable operators' high-speed Internet services,<sup>34</sup> Time Warner Cable is confident that its subscriber base for high-speed Internet service will continue to grow dramatically.

Time Warner Cable provides its high-speed Internet service subscribers with a cable modem that connects the subscriber's computers to Time Warner Cable's Internet Protocol network. Subscribers may select from several Internet Service Providers ("ISPs"), including AOL, EarthLink, Road Runner, and in many areas several

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<sup>33</sup> See *Top 25 Cable and Satellite Operators*, Multichannel News, Aug. 25, 2003.

<sup>34</sup> *NCTA 2003 Mid-Year Report* at 10 (cable operators served 1.85 million high-speed Internet service subscribers as of the first quarter of 2000, and 12 million subscribers just three years later).

smaller ISPs as well.<sup>35</sup> Time Warner Cable has been an industry leader in providing subscribers with a choice among ISPs. Time Warner Cable believes that providing subscribers with a choice among ISPs makes its platform more attractive to consumers than it otherwise might be.

Time Warner Cable's high-speed Internet service competes head-to-head with the Digital Subscriber Line ("DSL") services provided by incumbent local exchange carriers using traditional telephone lines.<sup>36</sup> It also competes with dial-up Internet access and high-speed Internet services offered by overbuilders and wireless operators.<sup>37</sup> DBS providers are currently reselling DSL services to their subscribers,<sup>38</sup> and are investing in facilities-based high-speed Internet services.<sup>39</sup>

**2. Home-Networking.** In response to subscriber demand for technical assistance with installing home computer networks capable of sharing a single high-speed

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<sup>35</sup> See <<http://www.timewarnercable.com/dispatcher/aboutUs.js?sessionId=0000IGUZWVIVGKFBDYLQKVVKDI:-1?docNickName=ProdServ2Meet>> (last visited Sept. 6, 2003), *Time Warner Cable Adds Three Additional Regional High-Speed Internet Services To Its Multiple ISP Offering*, Time Warner Cable Press Release, Sept. 3, 2002.

<sup>36</sup> See *Ninth Annual Report* ¶¶ 44-45.

<sup>37</sup> *Id*

<sup>38</sup> See, e.g., <<http://www.dishnetwork.com/content/products/internet/index.shtml>> (last visited Sept. 6, 2003).

Internet connection, Time Warner Cable recently began marketing a home-networking service. The service allows subscribers to have high-speed Internet access on multiple computers in the subscriber's home by accessing a single cable-modem. The service includes set-up by a professionally-trained technician, and a firewall to protect against hackers and other intruders.<sup>40</sup>

Time Warner Cable provides two versions of home-networking service. One uses existing phone lines in the subscriber's home to interconnect the subscriber's computers. The other uses a wireless connection and thus allows greater mobility for laptop users. Subscribers are not required to purchase any equipment to use either service, although they do need to subscribe to Time Warner Cable's high-speed Internet service.<sup>41</sup>

Time Warner Cable's home networking service provides an alternative to off-the-shelf home networking products available at retail. Time Warner Cable thus competes head-to-head with other providers of networking solutions. In addition, home

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<sup>39</sup> See, e.g., Andy Pasztor, *Echostar, SES in Deal to Offer Internet Access to TV Customers*, Wall St. J. Mar. 28, 2003, p. B3 ("Echostar Communications Corp., after years of false starts offering Internet connections to its residential television customers, has joined up with a unit of SES Global SA Europe's largest satellite operator, to jump back into the market."); *WildBlue Will Get \$156 Million from Investors*, Communications Daily, Dec. 24, 2002, at 3-4 ("WildBlue Communications' . . . 2-way high-speed satellite Internet service expected to begin in early 2004 . . . is expected to be available in [the 48] continuous states . . . and will be comparable to DSL and cable modem services").

<sup>40</sup> See < <http://www.timewarnercable.com/dispatcher/products;jsessionid=0000IGUZZT WVIVGKFBDYLQKVVKDI -1?docNickName=HNFAQ>> (last visited Sept. 5, 2003).

<sup>41</sup> *Id.*

networking service helps Time Warner Cable differentiate its overall package of services from those provided by its many rivals.

### **B. Digital Phone Service**

Time Warner Cable recently began deploying in some cable systems a commercial Voice over Internet Protocol (“VoIP”) service that it markets as Digital Phone service.<sup>42</sup> The service, made possible by Time Warner Cable’s HFC platform, allows subscribers to make and receive telephone calls over the Public Switched Telephone Network at a quality that is on a par with that of incumbent local exchange carriers’ service.<sup>43</sup>

Digital Phone service is provided by connecting the subscriber’s touch-tone telephone to a cable-modem that is specially designed to provide simultaneously high-speed Internet and Digital Phone service. From the outset of commercial deployment, Digital Phone service has included integrated Internet Protocol-based features.<sup>44</sup> Time Warner Cable expects that, in the near future, it will further integrate Digital Phone with high-speed Internet service by providing computerized call logs and other advanced call-management functionality.

Digital Phone service directly competes with the residential telephone services offered by incumbent local exchange carriers. The service holds the promise of finally providing consumers with a facilities-based, competitive alternative to the

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<sup>42</sup> See < <http://www.twmaine.com> > (last visited Sept. 9, 2003)

<sup>43</sup> See *Big MSOs Gear Up For First Cable IP Telephony Rollouts*, Communications Daily, June 9, 2003

<sup>44</sup> *Id*

residential telephone service provided by incumbent local exchange carriers.<sup>45</sup> And, because some consumers prefer one-stop shopping for bundles of services, Digital Phone service helps Time Warner Cable to differentiate itself from some its rivals.

#### **IV. Time Warner Cable Competes Vigorously by Innovating in Customer Service**

Time Warner Cable also is committed to competing by providing excellent customer service. For example, it pioneered the On-Time Guarantee in 1995 which promises subscribers on-time installation appointments (or installation is free), and on-time service appointments (or the subscriber receives \$20). The success of this program led to its adoption by NCTA.<sup>46</sup>

In recent years, Time Warner Cable began providing a 30-day money-back guarantee: If a subscriber is not fully satisfied with service, the subscriber receives a full refund by notifying Time Warner Cable within 30 days of service initiation. Time Warner Cable also provides subscribers with free and unlimited access to customer

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<sup>45</sup> As of December 2002, there were approximately 188 million telephone lines in service. See *Local Telephone Competition. Status as of December 31, 2002*, Wireline Competition Bureau, Industry Analysis and Technology Division (June 2003), at Table 1. Of these, approximately 181 million or over 96% were served by incumbent local exchange carriers either directly or indirectly through UNE and resale carriers. See *id.* at Tables 1, 3. Approximately 2.5 million or less than 2% of telephone lines were served by cable operators. See <<http://www.ncta.com/Docs/PageContent.cfm?pageID=86>> (last visited Sept. 5, 2003).

<sup>46</sup> See <[http://www.ncta.com/industry\\_initiatives/custserve.cfm?indInitID=2](http://www.ncta.com/industry_initiatives/custserve.cfm?indInitID=2)> (last visited Sept. 3, 2003); <<http://www.timewarnercable.com/dispatcher/aboutUs,jsessionid=0000K2V3K2SNQN50SVUQ2B4BGMI-1?docNickName=DedInnovation>> (last visited Sept. 6, 2003)

service representatives who are available 24 hours per day, 365 days per year to assist subscribers with their service-related needs.<sup>47</sup>

Most recently, in April 2003, Time Warner Cable launched a new customer service called Answers on Demand. This service is a video-on-demand service that allows Digital Cable subscribers to obtain automated answers to their service questions. With the press of a button on the subscriber's remote control, the subscriber may select interactive video tutorials from an on-screen list of topics. Subscribers may view the video tutorials at their own pace using fast-forward, pause, and rewind features. Answers on Demand is a free service, and access is unlimited.<sup>48</sup>

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<sup>47</sup> *Id*

<sup>48</sup> See <<http://www.timewarnercable.com/dispatcher/AODByDivision.jsessionid=0000FDY3PQSRWW4BRDE2202D2RY-1?docNickName=aodWelcome>> (last visited Sept. 6, 2003).



### Conclusion

Time Warner Cable is committed to competing by constantly improving and expanding its video and non-video services. Consumers have benefited, and will continue to benefit, from these innovations.

Respectfully submitted,



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September 11, 2003

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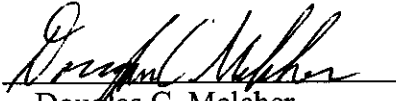
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